81. As another observation on the subject of regulatory protections for local competition, we would note that Michigan now has a substantial history of overseeing competition within the state. Within Michigan's LATAs, AT&T, MCI, and others are competing against the intraLATA services of Ameritech, at the same time Ameritech is providing access to those carriers as a component of their end-to-end service. The same is occurring in local service competition, where thousands of Ameritech loops are now being used to offer local service in competition with Ameritech. Thus, intraLATA and local competition in Michigan already have Ameritech going head-to-head against competitors who require access from Ameritech -- the very situation that helped motivate the interLATA ban originally. However, this competition is occurring without evidence of the kinds of discrimination or unfair competition that were feared when the interLATA ban was first formulated. [37] And as described earlier, the Telecom Act and the Michigan Telecommunications Act have only tightened and expanded applicable safeguards further.

82. Finally, our review of Michigan regulation has confirmed that competitors are eager to enter the Michigan market and compete against Ameritech, notwithstanding their dependency on Ameritech to provide access and other facilities required in their operations. This is consistent with Mr. Wilk's experience as a Commissioner overseeing similar issues in California. While those carriers can obviously speak to their own motives and expectations,

---

[37] We do not view disputes about 1+ intraLATA equal access as rising to the level of improper discrimination of the kind that motivated the interLATA ban. In any event, as noted earlier, the dispute as to the timing of full 1+ intraLATA equal access is now being addressed through the appropriate governmental process.

there would be no reason for competitors to commit substantial resources to a market unprotected by the MFJ line-of-business restrictions (such as intraLATA toll) if they actually expected to face anticompetitive conduct from a local exchange carrier that would harm competition. In a way, the urgency of the competitive carriers' advocacy can be viewed as an implicit vote of confidence in the ability of regulators to protect them and the market from potential local exchange carrier abuses. We see no reason why similar logic should not apply to the Michigan market.

83. To conclude, the evidence convincingly shows (1) that Ameritech will have no ability to renege on its regulatory obligations once interLATA entry is approved, and (2) that the Michigan Legislature and Commission have effectively authorized and promoted local competition. These facts feature significantly in the public interest balance that favors Ameritech's entry into interLATA markets in Michigan.

G. The Added Protections of Regulatory "Benchmarking" Across States

84. The coordination and information sharing that occurs between states also reinforces Michigan's regulatory protections. State regulators actively and continuously compare regulatory problems, concerns and solutions across jurisdictions. This process is commonly referred to as regulatory "benchmarking," and it is an understated, yet effective and influential force in state regulation.

85. State regulators meet frequently and maintain formal and informal relationships on a national basis. For example, a primary purpose of the National Association of Regulatory Utility Commissioners (NARUC) is to facilitate the sharing of experience and regulatory approaches across states, and NARUC serves that function very well. While serving as Commissioners, we attended meetings and conferences of this type (hosted by NARUC and other groups) at least three or four times a year. Forums such as the Communications Committee, Joint Boards, or the FCC's 410b Conference Committee (addressing open access to BOC and other telephone company bottleneck facilities for the use of competitors), focused almost entirely on "comparing notes" about regulatory problems and solutions from the various states. In addition, both of us maintained active relationships (by telephone, correspondence, and visits) with numerous colleagues from other states and the FCC; in this regard, our experiences were far more the rule than the exception, as most of our colleagues also "networked" in this fashion. It is, quite simply, an inevitable part of the job as a state regulator. Thus, with regard to high-priority issues such as cross-subsidy or potential BOC abuses related to new businesses, states pay considerable attention to one another and rapidly become aware of abuses or problems occurring elsewhere.

86. For Ameritech, another vehicle for regulatory benchmarking is the oversight committee formed by regulators from Ameritech's five states. This committee, known as the Ameritech Regional Regulatory Committee (ARRC), is comprised of commissioners from Illinois, Indiana, Michigan, Ohio and Wisconsin; commission staff also participate actively. ARRC

has been in existence for ten years, and serves as a vehicle for collecting and sharing information, and coordinating joint filings among these state commissions.

87. An excellent example of ARRC's role was its report to the FCC regarding Ameritech's Customers First Plan. [38] This document reflected extensive investigation and analysis, resulting in a forty-page document supported by one hundred pages of issue papers comprehensively addressing Ameritech's proposal. ARRC representatives also effectively negotiated with Ameritech regarding aspects of the proposal, resulting in some substantive changes. [39] Ultimately, ARRC's efforts contributed to the broadly-accepted Ameritech proposal for an interLATA trial, even though that became moot with the enactment of the Telecom Act.

88. Given that Ameritech is applying to offer interLATA service within Michigan, the granting of this request might not permit exact comparisons between states unless Ameritech (or other BOCs) also receive approval to offer interLATA services elsewhere. However, as explained above, the current state of competition within LATAs has created the same circumstances as would occur were Ameritech to offer interLATA service; also, concerns about promoting local competition (and preventing any related abuses by incumbent local exchange companies) are widespread across states, including those in the Ameritech region.

---

[38] "Final Report of the ARRC Staff Concerning Petition for Declaratory Ruling and Related Waivers to Establish a New Regulatory Model for the Ameritech Region," filed as an ex parte communication in FCC Case No. DA 93-481 (April 4, 1994).

[39] Ibid., Attachment C (correspondence between Jeffrey J. Richter, ARRC Staff Chair, and Larry Peck of Ameritech).

Since those concerns are very similar to those regarding interLATA services, benchmarking can occur generally with respect to pro-competitive policies and related issues even if Ameritech's authorization to offer interLATA service in Michigan remains unique for some time.

89. Therefore, the state-to-state benchmarking that characterizes regulation nationwide is especially effective with respect to Michigan due to its participation in the ARRC, as well as the general regional interest in Ameritech oversight that is indicated by the existence of that group. Thus, regulatory benchmarking provides an additional way that Michigan regulation can evaluate conduct by Ameritech with respect to its future participation in interLATA markets.

H. The Role of the Mandated Separate Subsidiary

90. As a final note, while Ameritech must initially enter the interLATA business through a separate subsidiary, the Telecom Act permits that requirement to expire after three years unless extended by the FCC (Telecom Act §272(f)). It might be argued that some of the protections described earlier would no longer be adequate in the event that Ameritech is permitted to integrate its interLATA business with its local telephone business at some future time.

91. At this stage, we believe such concerns are misplaced for several reasons. First, the decision at hand is whether to permit Ameritech to enter the interLATA business through a separate subsidiary. Because the Telecom Act grants the FCC discretion to require a separate subsidiary for as long as it believes necessary (including, presumably, indefinitely), the FCC will be able to determine whether or not to relax this requirement based on the various market and regulatory conditions applicable at the time of that decision. In other words, authorizing Ameritech to offer interLATA services through a subsidiary does not obligate the FCC later to relax the subsidiary requirement. Second, only some of the substantial state and federal protections we have cited are applicable specifically to a separate subsidiary; many others are not. It is our opinion that the remaining, redundant regulatory safeguards and protections are more than sufficient to foreclose improper Ameritech conduct even if the separate subsidiary requirement were lifted, and no other requirements were imposed as a result.

I. Conclusion

92. Congress and the Michigan State Legislature have spoken in defining the public interest to include BOCs like Ameritech as new interLATA competitors once appropriate pro-competitive measures and safeguards are put into effect. In this joint affidavit, we have demonstrated how the public interest will be advanced in this fashion, because the benefits of additional competition will come without any meaningful risk of harm due to anticompetitive conduct by Ameritech, or improper cross-subsidies from other Ameritech services. Thus, it

is time for the FCC to move ahead to do what Congress and the people of Michigan have set out as desired public policy.

To summarize again the applicable safeguards and protections: The FCC can have complete confidence that Michigan regulation will prevent potential anticompetitive conduct by Ameritech once it is authorized to offer interLATA services. Multiple and redundant regulatory protections prevent Ameritech from creating an improper cross-subsidy of new interLATA service. The Michigan state regulatory process affords ready access to potentially aggrieved competitors, who regularly participate in such processes with effective, professional representation, and who are exceptionally well positioned and eager to detect any anticompetitive conduct Ameritech might attempt. Laws and regulatory policies to facilitate and promote local competition are a fact in both federal and state jurisdictions, and the Telecom Act effectively creates a parallel verification and ongoing enforcement mechanism at the Michigan Commission under independent state authority. Competition within LATAs and for local service is already pitting Ameritech against interexchange carriers and other competitors, and there is no evidence of the harm that some allege will occur from allowing the identical circumstances on an interLATA basis; Michigan's successful experience in managing these circumstances is strong evidence of its ability to oversee interLATA competition by Ameritech. Michigan state regulators communicate frequently and effectively with their peers, especially those in other Ameritech states, sharing their experience and insights regarding this and other issues of vital importance, and permitting them to identify related concerns and solutions quickly and comprehensively.

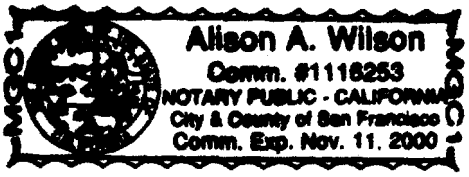
And, regulators have discretion to retain the separate subsidiary requirement for interLATA services for as long as it may be necessary.

93. Throughout this affidavit we have also highlighted a wide range of regulatory concerns and potentially problematic scenarios that might be alleged as possibilities related to Ameritech's interLATA service. In each instance we have demonstrated how inherent safeguards and redundancy of protection stand firmly in the way of such potential for harm. As a closing observation, in our experience there is no shortage of creativity among participants of all stripes in regulatory matters eager to devise such scenarios, however implausible or irrelevant they might be. For a public policy decision maker, to accept the potential validity of implausible claims is to adopt a rigid policy of adhering to the status quo by default, for there is no way to prove the absolute impossibility of any and all speculative assertions. That is no way to advance the public interest, as the FCC's own experience should well reveal. Thus, in evaluating responses to Ameritech's application and the evidence provided in this affidavit, we would urge the FCC to focus on the tangible and the real, rather than the creative fruits of advocacy. By that standard the way ahead is clear: The promotion of competition at all levels of the telecommunications industry.

I hereby swear, under penalty of perjury, that the foregoing is true and correct, to the best of my knowledge and belief.

G. Mitchell Wilk

Subscribed and sworn before me this 20 day of December, 1996.



Notary Public

My Commission expires: November 11, 2000.

I hereby swear, under penalty of perjury, that the foregoing is true and correct, to the best of my knowledge and belief.

Steven M. Fetter

Subscribed and sworn before me this 24 day of December, 1996.

Notary Public

My Commission expires: _____.